



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

May 17, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVE THE INTRODUCTION OF AN ORDINANCE TO AMEND THE ELECTRIC
FRANCHISE GRANTED TO SOUTHERN CALIFORNIA EDISON COMPANY BY
ORDINANCE NO. 7062, AS AMENDED, AND APPROVE AN AMENDMENT TO AN
AGREEMENT FOR THE PREVENTION AND ABATEMENT OF GRAFFITI
(ALL AFFECTED) (3 VOTES)**

SUBJECT

Approval of these recommendations amends an existing electrical transmission and distribution franchise granted to Southern California Edison Company and amends an existing supplemental agreement with Southern California Edison Company for prevention and abatement of graffiti.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the introduction of an ordinance to amend the electrical transmission and distribution franchise granted to Southern California Edison Company, a California corporation by Ordinance No. 7062, as amended, to extend the term of the franchise through June 30, 2012.
2. Introduce, waive reading, and place on your Board's agenda for adoption on May 24, 2011, the accompanying ordinance that implements the above recommendation, becoming operative July 1, 2011.

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

"To Enrich Lives Through Effective And Caring Service"

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3. Approve and instruct the Mayor of your Board to execute the accompanying "Amendment No. 1 to the Graffiti Abatement and Coordination Agreement," to extend through June 30, 2012, a cooperative program for the prevention and removal of graffiti from Edison's above-ground electric facilities.
4. Find that this project is categorically exempt under the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State of California Environmental Quality Act Guidelines.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to adopt an ordinance to extend the term of the electrical franchise granted to Southern California Edison Company, a California corporation (Edison), in order to provide additional time for interested stakeholders within the County and the utility industry to review proposed revisions to the County's franchise codes; to negotiate the terms and conditions of a new longer-term franchise with Edison; to amend and extend the term of the Graffiti Abatement and Coordination Agreement with Edison, a cooperative program for prevention and abatement of graffiti; and to assess the residual value and capital needed to update the underground electrical structures owned by the County under an electrical service agreement with Edison in Marina del Rey.

Implementation of Strategic Plan Goals

The County Strategic Plan Goal of Operational Effectiveness (Goal 1) and Community and Municipal Services (Goal 3) direct that we maximize and support timely delivery of efficient public services and provide access to delivery of customer-oriented municipal services. Your Board's adoption of amending an ordinance to extend the term of the Edison franchise and approval of an amendment to extend the term of Edison Graffiti Abatement and Coordination Agreement is consistent with these goals.

FISCAL IMPACT/FINANCING

Edison has paid the County a one-time granting fee of \$5,000 to process an ordinance to amend the franchise, and under the amended franchise agreement, Edison will continue to pay an annual franchise fee and a "municipal public lands use surcharge" (surcharge) pursuant to Division 3 of the California Public Utilities Code (CPUC).

The surcharge Edison collects and remits to the County is a reimbursement under CPUC Division 3, Chapter 2.5, for gross annual receipts not captured in the franchise fee calculations. These receipts are from Edison's "direct-access" customers who purchase electricity from a third party and have Edison transport the energy along the electrical facilities installed in the County's highways.

Edison paid the County a surcharge of \$29,557 for the 2009 calendar year, and a surcharge of \$293,335 for the 2010 calendar year, representing an increase of \$263,778. In addition, Edison paid the County an annual franchise fee of \$3.02 million for the 2009 calendar year, compared to \$5.93 million for the 2010 calendar year, an increase of \$2.91 million.

This increase was a direct result of an amendment to the Edison franchise adopted by your Board in December 2009 (Ord. No. 2009-0053F), that updated the terms and conditions in the franchise to implement a minimum annual franchise fee calculated using gross receipts from sales of electricity allowed in CPUC Division 3, Chapter 2, as described below.

In this franchise amendment previously adopted by your Board, it was agreed that Edison would continue to pay the 2009 annual franchise fee based upon 2 percent of the gross annual receipts arising from the use, operation or possession of the franchise, using calculations allowed under CPUC Division 3, Chapter 1, known as the "Broughton Act."

Edison also agreed to pay the 2010 franchise fee under CPUC Division 3, Chapter 2, known as the "Franchise Act of 1937," which provides a minimum payment based upon the higher of the Broughton Act calculations, or 1 percent of the gross annual receipts from the sale of electricity in the franchise area. These calculations using gross receipts from sales resulted in the \$2.91 million increase.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On November 27, 1956, your Board adopted Ordinance No. 7062, granting a 50-year County-wide electrical franchise to Edison, expiring December 27, 2006. By adopting Ordinance No. 2009-0053F, your Board extended the term of the Edison franchise through June 30, 2011. Upon your Board's adoption of the accompanying ordinance, the term of the Edison franchise will be extended one year through June 30, 2012.

The existing Graffiti Abatement and Coordination Agreement with Edison provides a coordinated effort between the Department of Public Works and Edison's graffiti abatement contractor, to synchronize graffiti removal requests to address your Board's concerns regarding timely removal of graffiti from Edison's above-ground facilities maintained within the franchise area at Edison's expense. Upon approval of Amendment No. 1 by your Board, the Graffiti Abatement and Coordination Agreement will be extended a term to run coterminously with the amended franchise agreement (through June 30, 2012).

The Department of Public Works and Fire Department have reviewed this request and have no objections. County Counsel has reviewed the accompanying ordinance to amend the Edison franchise and Amendment No. 1 to the Graffiti Abatement and Coordination Agreement and approved them as to form.

The Honorable Board of Supervisors
May 17, 2011
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ENVIRONMENTAL DOCUMENTATION

This project is categorically exempt under California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended Board actions will not impact or adversely affect any current services or future projects.

CONCLUSION

Instruct the Executive Officer, Board of Supervisors, to send conformed copies of the adopted Board recommendation, adopted ordinance, and amended Graffiti Abatement and Coordination Agreement to: Mr. David E. Van Iderstine, Director of Local Public Affairs, Southern California Edison Company, 2244 Walnut Grove Avenue, Room 372, Rosemead, California 91770, and the offices of County Counsel, Department of Public Works, Fire Department, and the Chief Executive Office, Real Estate Division.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:WLD
CM:RB:kb

c: Executive Office, Board of Supervisors
County Counsel
Fire
Public Works

**AMENDMENT NO. 1 TO THE GRAFFITI ABATEMENT AND COORDINATION
AGREEMENT BY AND BETWEEN SOUTHERN CALIFORNIA EDISON COMPANY
AND THE COUNTY OF LOS ANGELES**

This Amendment to the Graffiti Abatement and Coordination Agreement ("Amendment No. 1" or the "Amendment") by and between Southern California Edison Company, a California Corporation ("SCE"), and the County of Los Angeles ("County"), is hereby made and entered into on the day, month and year it is fully executed by the County hereinbelow.

RECITALS

WHEREAS, the County is a duly organized subdivision of the State of California;

WHEREAS, the County in pertinent part provides law enforcement services to the unincorporated portions of the County of Los Angeles;

WHEREAS, SCE is a regulated public utility operating under the laws of the State of California;

WHEREAS, over the course of time, the County has attempted to control and remediate the problems associated with graffiti in the public rights-of-way and elsewhere;

WHEREAS, SCE's electric facilities installed in the public right-of-way are particularly vulnerable to graffiti;

WHEREAS, SCE and the County entered into a Graffiti Abatement and Coordination Agreement on December 15, 2009;

WHEREAS, the Graffiti Abatement and Coordination Agreement was to remain in effect for a term of two years from the date it was approved by the County and SCE, which said term will expire on December 15, 2011;

NOW THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the covenants and agreements hereinafter contained, the parties hereto and each of them do agree to amend the Graffiti Abatement and Coordination Agreement as follows:

SECTION 1. Section 12.0 of the Graffiti Abatement and Coordination Agreement is hereby amended as follows:

Section 12.0 Term of Agreement. This Agreement shall remain in effect through June 30, 2012, or until earlier terminated by the mutual written consent of SCE and the County.

SECTION 2. All undefined terms when used herein shall have the same respective meanings as set forth in the Graffiti Abatement and Coordination Agreement unless expressly provided otherwise in this Amendment No. 1.

SECTION 3. Each of the signatories for this Amendment No. 1 personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Amendment No. 1 upon the terms and conditions stated herein and each agrees to indemnify and hold the County harmless from all damages, costs, and expenses that result from a breach of this representation.

SECTION 3. In the event of a conflict between the terms and conditions of this Amendment No. 1 and the terms and conditions of the Graffiti Abatement and Coordination Agreement, the terms and conditions of this Amendment No. 1 shall prevail. All other terms and conditions contained in the Graffiti Abatement and Coordination Agreement shall remain in full force and effect.

[END OF TERMS]

The foregoing was on this ____ day of _____, 20____, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies, and authorities for which said Board so acts.

COUNTY OF LOS ANGELES

By _____
Michael D. Antonovich, Mayor

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
Of the Board of Supervisors

By _____
Deputy

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
County Counsel

By: _____
Lawrence M. Green
Deputy County Counsel

IN WITNESS WHEREOF, Southern California Edison Company has caused this Amendment No. 1 to the Graffiti Abatement and Coordination Agreement to be executed on its behalf, effective on the day, month and year first written above.


**SOUTHERN CALIFORNIA EDISON
COMPANY**, a California corporation

By: _____
Gregg Khudjian
Print Name
Director, PWRD
Title

ANALYSIS

This ordinance amends the electrical transmission and distribution franchise granted to Southern California Edison Company, a California corporation ("Franchisee"), by Ordinance No. 7062, as amended, to extend the term of the franchise through June 30, 2012.

ANDREA SHERIDAN ORDIN
County Counsel

By 
LAWRENCE GREEN
Deputy County Counsel
Contracts Division

LG:mm
Requested: (04/28/11)
Revised: (04/28/11)

ORDINANCE NO. _____

An ordinance amending Ordinance No. 7062, as amended, relating to the electrical transmission and distribution franchise granted to Southern California Edison Company, a California corporation.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 1 of Ordinance No. 7062, as amended, is hereby amended to read as follows:

SECTION 1. Franchise Term, Grant.

The right, privilege, and franchise is hereby granted to the Southern California Edison Company, a corporation organized and existing under and by virtue of the laws of the State of California (the "Grantee" and or "Franchisee"), its successors and assigns, through ~~June 30, 2011~~ June 30, 2012, to erect, construct, operate, alter, maintain, and use an electric distribution and transmission system consisting of poles, towers, crossarms, conduits, manholes, vaults, cables, wires, transformers, switches, and other equipment, appliances and appurtenances, including communication circuits, for the purpose of conducting, transmitting, and distributing electricity and electrical energy for light, heat and power purposes, and for any and all other purposes for which electricity can be used, on, along, upon, over, in, under, and across the highways within the County of Los Angeles, State of California (County), together with the right to erect, construct, operate, alter, maintain, and use a private communication system, consisting of poles, towers, conductors, crossarms, conduits, cables, wires and other equipment, appliances, and appurtenances, including communication circuits; said private

Communication system to be used solely in connection with the operation and maintenance of Grantee's electric system. The privileges granted by this franchise apply only to territory within the County which, upon the effective date of this ordinance, is unincorporated.

[ELECFRNSOCALEDISONGCCC]